

**AMENDED AND RESTATED
INTERGOVERNMENTAL AGREEMENT
Between Prosper Portland and the City of Portland, Oregon
For River District Urban Renewal Area Support**

This Amended and Restated Intergovernmental Agreement (this “Agreement”), dated this ____ day of _____, 2023 (“Effective Date”), is made and entered into by and between the **City of Portland**, acting through its Office of Management and Finance, Bureau of Revenue and Financial Services (“OMF”), and **Prosper Portland**, the economic development and urban renewal agency of the City of Portland (“Prosper Portland”).

I. RECITALS

A. Prosper Portland, as the duly-designated urban renewal agency of the City of Portland (the “City”), is granted broad powers under ORS Chapter 457 for the planning and implementation of urban renewal plans and projects, and pursuant to the River District Urban Renewal Plan, Prosper Portland has undertaken the redevelopment of the 14-acre site bounded by NW Hoyt Street, NW Lovejoy Street, NW 9th Avenue, and NW Broadway (the “USPS Property”), which USPS Property is located within a broader 32-acre site known as the “Broadway Corridor.”

B. OMF, through its Bureau of Revenue and Financial Services, Debt Management Division, is responsible for managing the City’s debt obligations, including those issued on behalf of Prosper Portland.

C. As authorized by Portland City Council (the “City Council”) Ordinance No. 187434, adopted November 5, 2015 (as amended), and by the Prosper Portland Board of Commissioners Resolution No. 7154, adopted November 18, 2015, Prosper Portland and OMF entered into an Intergovernmental Agreement, dated December 21, 2015 (the “Original IGA”), pursuant to which the City provided interim financing to Prosper Portland in the form of a line of credit secured by the City’s General Fund to support enabling projects that allowed Prosper Portland the financial flexibility to acquire and commence the redevelopment of the USPS Property (the “Project”).

D. On August 20, 2020, pursuant to LU 19-246279, the Portland Design Commission approved the Central City Master Plan for the USPS Property (the “Master Plan”), which Master Plan sets forth the preferred concept design for the USPS Property and the required public infrastructure that will bring the street grid and utility service through the site in order to create development-ready parcels.

E. On September 23, 2020, the City Council, by Ordinance No. 190146, approved a funding and finance plan that set forth the financial contributions of the City and Prosper Portland to the construction of public infrastructure and open space required pursuant to the Master Plan for the successful and timely development of the Broadway Corridor (the “Funding and Finance Plan”).

F. On October 28, 2020, in accordance with the Funding and Finance Plan, the City Council approved Ordinance No. 190180, creating a local improvement district to fund

construction of street, sidewalk, stormwater, sanitary sewer, water main, and off-site signal and intersection improvements in the Broadway Corridor (the “NW Park Avenue & Johnson / Kearney Local Improvement District” or “LID”), and directed OMF to obtain short-term financing (“LID Interim Financing”) to pay for certain LID costs prior to issuing long-term LID Bonds (the “LID Bonds”, and combined with the LID Interim Financing, the “LID Debt”).

G. The City issued an initial general fund-secured line of credit in 2016 to finance certain Prosper Portland infrastructure projects in the River District, which allowed Prosper Portland to use its tax increment funds to acquire the USPS Property and the Project. The City refinanced the line of credit in 2021 by issuing Limited Tax Revenue Bonds (the “RD Indebtedness”).

H. Given the passage of time and the progress of the work on the USPS Property, Prosper Portland and the City of Portland desire to amend and restate the Original IGA to provide for each party’s roles and responsibilities with respect to the restructuring and repayment of the RD Indebtedness and Prosper Portland’s share of the LID Debt (together, the “Broadway Corridor Indebtedness”), and to reflect updated circumstances affecting the Project, all on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual promises, conditions and covenants contained herein, the parties hereby incorporate the above recitals and agree as follows:

AGREEMENT

I. INTEGRATION. The Recitals and Exhibits are hereby incorporated into and made a part of this Agreement.

II. BROADWAY CORRIDOR INDEBTEDNESS

A. PROSPER RD INDEBTEDNESS

1. Prosper Portland will pay its portion of the RD Indebtedness (the “Prosper RD Indebtedness”) in the amounts and in accordance with the timeframes established in Exhibit A, Table A-1 of this Agreement (the “Payment Schedule”) from the Pledged Security, defined in Section IV. The Payment Schedule reflects \$15 million of present value loan forgiveness authorized by City Council in Ordinance No. 190146.

2. If Prosper Portland fails to make a scheduled payment set forth on the Payment Schedule, then such unpaid amounts of the Prosper RD Indebtedness will accrue interest at the City’s pooled investment fund rate. Unpaid accrued interest will be capitalized as additional principal and added to the Prosper RD Indebtedness on the scheduled payment date immediately following the missed payment, and on each June 1 and December 1 thereafter. Additional principal from capitalized interest shall be incorporated within Prosper Portland’s Funding and Finance Plan and shall be due and payable as soon as resources become available.

3. Any proceeds derived from the sale of properties that Prosper Portland acquired with proceeds of the RD Indebtedness must be used in accordance with all applicable

laws and regulations, including, but not limited to, the U.S. Treasury Internal Revenue Code applicable to tax-exempt debt. Prosper Portland and City agree to work with the City's bond counsel to properly classify and correctly use these funds.

B. LID INTERIM FINANCING

1. Prosper Portland will pay the interest and financing costs from the Pledged Security funds for the entire LID Interim Financing, including any amounts attributable to properties of the Portland Housing Bureau and other public or private entities subject to the LID, during the design and construction period of the LID and including the period preceding the issuance of the LID Bonds, regardless of any property sales or transfers that occur prior to final assessment. The LID Interim Financing will accrue interest consistent with the construction financing credit facility initially negotiated and issued by the City or subsequently refunded by the City. Prosper Portland will semi-annually fund LID Interim Financing interest and other financing fees and costs (including without limitation legal fees and related costs) related to the LID Interim Financing. The amounts Prosper Portland pays pursuant to this paragraph will be deemed funds loaned to the City.

2. The loaned funds shall only be repaid by the City as a credit against Prosper Portland's LID Assessment. The City will reduce Prosper Portland's LID Assessment (defined in Section C.1) by the total amount of the funds loaned from Prosper Portland to the City for payment of interest and financing costs of the LID Interim Financing.

3. If Prosper Portland has insufficient Pledged Security funds to timely pay all amounts due on the LID Interim Financing, the City may satisfy those payment obligations using other City funds. If the City pays any portion of the LID Interim Financing debt service requirements during the interim construction financing period, such portion will not qualify for a reduction in Prosper Portland's LID Assessment as described in II.B.2 above.

C. LID BONDS

1. Prosper Portland is an assessed property owner within the NW Park Avenue & Johnson / Kearney Local Improvement District and will be liable for Prosper Portland's pro-rata share of all public improvement costs apportioned to the LID (the "LID Assessment"), consistent with the City's LID program.

2. The LID Bonds will be structured in accordance with the City's LID program, which provides a period of "construction financing," followed by long-term financing of up to 20-years of level debt service, which commences upon issuance of the LID Bonds and final assessment of assessed property owners, including Prosper Portland, at completion of improvements of the LID.

3. After issuance of the LID Bonds, assessment financing contract interest will be passed through to all properties included within the LID at a rate of interest equivalent to the all-in-borrowing cost of LID Bonds plus the LID "bump rate" determined by the Debt Manager, consistent with the City's LID program requirements.

4. All amounts due under Prosper Portland's LID Assessment will be financed with the LID Bonds. While owning assessed properties in the LID, Prosper Portland will pay its portion of the LID Bonds through payments of its LID Assessment financing contract(s) from the Pledged Security. The amount of the LID Bonds is unknown and will be determined based on the infrastructure and financing costs incurred for the LID or future amended local improvement district(s).

5. Any unpaid amounts due under the LID Assessment financing contracts of Prosper Portland will accrue interest and penalties in accordance with the City's LID program methodology. Additional principal from capitalized interest will be due as soon as possible under Prosper Portland's Funding and Finance Plan when resources become available.

6. Repayment of the LID Bonds will be completed in accordance with the City's LID program. For properties sold by Prosper Portland, the lien and pro-rata LID Assessment liability and financing contract(s) on such properties will be transferred to the respective purchaser, consistent with the City's LID program. Prosper Portland's payment of all amounts due under the LID Assessment financing contract(s) pertaining to any remaining assessed properties under its then-current ownership will satisfy its obligations to the City for the LID Debt.

D. PLEDGED SECURITY

1. Prosper Portland pledges all legally available resources, including without limitation, revenue from property sales, and other non-restricted income, including but not limited to rents and reimbursements, loan collections, fees and charges, and interest income, from the River District or other urban renewal areas that is not restricted for use in those areas (collectively, "Program Income"), River District Bond Reserves, Prosper Portland's General Fund, and, if the preceding sources are insufficient, any City General Fund On-Going Appropriation (the "Pledged Security") to fully repay Prosper Portland's financial obligations under this Agreement.

2. The parties anticipate that the primary repayment source will be proceeds Prosper Portland obtains from the sale of properties within the Broadway Corridor and other Prosper Portland Program Income. Prosper Portland anticipates commencing property sales in 2025, continuing up to 2045, at a pace and value to cover Prosper Portland's obligations under this Agreement. In addition, the City will apply River District Bond Reserves from FY 2022-23 through FY 2024-25 toward Prosper Portland's share of payment obligations, as established in attached Exhibit A, Table A-1. Prosper Portland must use all available Pledged Security resources to pay its obligations of the Broadway Corridor Indebtedness, in accordance with their terms, and in any case prior to seeking any additional General Fund support or resources for these debts. This means that Prosper Portland will reallocate discretionary spending in its other program areas, including contingency funds not allocated to budgeted projects or activities, to avoid being unable to repay the Broadway Corridor Indebtedness.

3. As noted above, the Pledged Security includes any on-going appropriated City General Funds. If Prosper Portland has insufficient Pledged Security, other than on-going appropriated City General Funds, to make any current-year scheduled debt service as of September 30th of the fiscal year in which debt service is due under the Prosper RD Indebtedness or LID Bonds (i.e. respective LID Assessment financing contract(s)), the City Administrator, or designee,

will present to the City Council a budget modification that, if approved, would reallocate any current-year City General Funds appropriated to Prosper Portland in the year of the debt service funding shortfall and redirect those resources to make the full and timely required payment(s) on the Prosper RD Indebtedness and/or LID Bonds.

4. Prosper Portland will not be required to fund reserves for the Broadway Corridor Indebtedness.

E. PAYMENT AND PREPAYMENT

1. In order to make timely payments of principal, interest and other amounts due on Prosper Portland's share of the Broadway Corridor Indebtedness, of its loaned funds for the LID Interim Financing, and of its LID Assessment, Prosper Portland authorizes the City to draw from an account Prosper Portland designates to include Pledged Security adequate to make the payment due, in accordance with the following process. At least five business days before the City is required to make any principal, interest, or other payment due, the City will notify Prosper Portland, via email, the amount due and provide a copy of the invoice (if available), or other documentation demonstrating the amount due. Within three business days of the notification, Prosper Portland will confirm that sufficient Pledged Security funds are available in the account and provide acknowledgment to the City that the amount due will be deducted from Prosper Portland's Pledged Security account. On the payment due date, the City will deduct funds from the Prosper Portland's Pledged Security account, provide documentation to Prosper Portland of the deduction, and make the payment. Prosper Portland and the City shall ensure that the resources deducted from the Pledged Security account are appropriately recorded.

2. Prosper Portland may elect to prepay portions of the Broadway Corridor Indebtedness, including its LID Assessment. The City's Debt Management Division, or successor City division or department responsible for the City's financings, will select which City debt for defeasance or early retirement in accordance with applicable laws and regulations, including but not limited to the U.S. Treasury's Internal Revenue Code.

III. OTHER PROVISIONS

A. PROJECT UPDATES

Prosper Portland and the City will meet annually to undertake a review of the overall Project, to discuss the items described in the list below, as well as any other matters affecting the repayment of the Broadway Corridor Indebtedness. Further, if at any time during which the Prosper RD Indebtedness or the LID Debt supported by Prosper Portland's LID Assessment financing contract(s) of the LID are outstanding, Project circumstances change (such as changes in cost assumptions or property sales events), Prosper Portland will promptly notify the City, and the parties will meet to discuss. No change in the obligations of the parties will occur without a written agreement signed by both parties, and with approval by the Prosper Portland Commission and the City Council, as necessary.

- Property Sale developments
- Projected resources and expenditures of the Project

- Status of current Prosper Portland financial resources for repayment of its obligations of the Broadway Corridor Indebtedness
- Discuss the amendment of the terms of the Broadway Corridor Indebtedness if necessary to reflect ongoing sources and timing of repayment.

B. COVENANTS

1. Prosper Portland covenants to use good faith efforts to promptly sell River District properties to meet critical Project requirements and will prioritize its payment obligations of the Prosper RD Indebtedness and the LID Debt within its Funding and Finance Plan.

2. At least annually, and more frequently, if required, Prosper Portland covenants to promptly update and provide to the Debt Manager updates to the Project's financial model, in response to any updated material information and circumstances of the Project. The financial model will be accompanied by a written summary of the current Project status and status of Prosper's payment obligations for the Prosper RD Indebtedness and the LID Debt.

3. For any additional resources required to complete its portion of the Project, Prosper Portland covenants to make such requests via the City's annual budget process. Such requests will be accompanied by a written analysis of cost offsetting options within the Project and what steps would be required to execute those options.

C. GENERAL

1. **Term.** This Agreement will remain in effect from the date of its execution until Prosper Portland has paid fully paid the Prosper RD Indebtedness and LID Debt corresponding to its LID Assessment, in accordance with the terms and conditions of this Agreement.

2. **Budget Actions.** Prosper Portland will take all budgetary actions needed to make its payments to the City as set forth in this Agreement.

3. **IGA Managers.**

a) Chief Financial Officer, or an individual designated by the City Administrator, will be the City's IGA Manager. The City Debt Manager or designee will be the City project manager for day-to-day tasks related to this Agreement. Prosper Portland's Executive Director, or designee, will be the Prosper Portland IGA Manager. The Prosper Portland Finance Manager or designee will be the Prosper Portland project manager for day-to-day tasks related to this Agreement.

b) If either IGA Manager is not performing or is not able to continue performing the responsibilities designated in this Agreement, then the respective party will designate a replacement IGA Manager.

c) IGA Managers will confer at least quarterly to review funding needs and identify desired changes, if any.

d) If a dispute arises regarding any terms and conditions of this Agreement, all parties agree to exercise good faith in expeditiously resolving said conflict.

4. **Compliance with Laws.** In connection with its activities under this Agreement, the parties will comply with all applicable federal, state and local laws and regulations.

5. **Indemnification.** Subject to the limits of the Oregon Tort Claims Act and Oregon Constitution, Prosper Portland agrees to indemnify, hold harmless and defend, the City and its directors, officers, employees and agents from and against all claims, suits, actions of whatsoever nature, damages or losses, and all expenses and costs incidental to the investigation and defense thereof including reasonable attorneys' fees, resulting from or arising out of the activities of Prosper Portland, its officers, employees or agents under this Agreement.

6. **Maintenance of Records.** Each party shall maintain records on a current basis in accordance with State public records retention laws and the retention schedules set forth by the City Auditor, as applicable. Each party may inspect, audit and copy, on reasonable notice and from time to time, any records of the other party related to projects and funding identified in this Agreement. Records of the Broadway Corridor Indebtedness, including information related to loan balances, accrued interest and loan repayments, will be maintained by the City's Debt Management Division or future successor division or department responsible for managing the City's financings.

7. **Funding Acknowledgement / Signage.** Any oral reports made to neighborhood, business, or other civic organizations, as well as to any members of the press must acknowledge work being done is based on a partnership between the City, OMF and Prosper Portland on the Broadway Corridor. Any Project signage at the Project must similarly acknowledge the City funding support. The sign must remain in place until construction is complete.

8. **Amendments.** Except as otherwise provided for in this Agreement, the City and Prosper Portland may amend this Agreement only in writing signed by authorized signatories.

9. **Merger.** This Agreement fully amends and restates the Original IGA. This Agreement contains the entire agreement between Prosper Portland and the City regarding the matters described herein. It supersedes all prior written or oral discussions or agreements concerning the subject matter of this Agreement.

[Signatures follow on next page.]

IN WITNESS WHEREOF, authorized signatories of the City and Prosper Portland have executed this Agreement as of the Effective Date.

**CITY OF PORTLAND, OFFICE OF
MANAGEMENT AND FINANCE**

PROSPER PORTLAND

[Thomas Lannom], Director of the
Bureau of Revenue and Financial
Services and Chief Financial Officer

Kimberly Branam, Executive Director

Date

Date

APPROVED AS TO FORM:

APPROVED AS TO FORM:

City Attorney

Legal Counsel

Exhibit A: RD Indebtedness Payment Schedule

Table A-1
Prosper RD Indebtedness Payment Schedule

Payment Date	Principal	Interest	Total
06/01/21	\$0.00	\$204,197.92	\$204,197.92
12/01/21	0.00	490,075.00	490,075.00
06/01/22	0.00	490,075.00	490,075.00
12/01/22 ⁽¹⁾	0.00	490,075.00	490,075.00
06/01/23 ⁽¹⁾	1,080,000.00	490,075.00	1,570,075.00
12/01/23 ⁽¹⁾	0.00	463,075.00	463,075.00
06/01/24 ⁽¹⁾	1,130,000.00	463,075.00	1,593,075.00
12/01/24 ⁽¹⁾	0.00	434,825.00	434,825.00
06/01/25 ⁽¹⁾	1,190,000.00	434,825.00	1,624,825.00
12/01/25 ⁽¹⁾	0.00	354,245.00	354,245.00

The City of Portland will cover a portion of RD Indebtedness Debt Service as shown on Page A-2 to provide a present value of approximately \$15 million of forgiveness, as directed by Ordinance 190146.

06/01/34	748,500.00	0.00	748,500.00
12/01/34	0.00	133,150.00	133,150.00
06/01/35	1,790,000.00	133,150.00	1,923,150.00
12/01/35	0.00	115,250.00	115,250.00
06/01/36	1,825,000.00	115,250.00	1,940,250.00
12/01/36	0.00	97,000.00	97,000.00
06/01/37	1,865,000.00	97,000.00	1,962,000.00
12/01/37	0.00	78,350.00	78,350.00
06/01/38	1,900,000.00	78,350.00	1,978,350.00
12/01/38	0.00	59,350.00	59,350.00
06/01/39	1,940,000.00	59,350.00	1,999,350.00
12/01/39	0.00	39,950.00	39,950.00
06/01/40	1,980,000.00	39,950.00	2,019,950.00
12/01/40	0.00	20,150.00	20,150.00
06/01/41	2,015,000.00	20,150.00	2,035,150.00
Total	\$17,463,500.00	\$5,400,942.92	\$22,864,442.92

(1) Notates RD Indebtedness Payment Date to be funded by the River District Bond Reserves.

Exhibit A: RD Indebtedness Payment Schedule

The table below provides the RD Indebtedness debt service detail to be paid by the City of Portland to achieve a present value of \$15 million of forgiveness as directed by Ordinance 190146.

Table A-2
Remaining RD Indebtedness to be paid by City of Portland

Payment Date	Principal	Interest	Total
12/01/25	\$0.00	\$50,830.00	\$50,830.00
06/01/26	1,250,000.00	405,075.00	1,655,075.00
12/01/26	0.00	373,825.00	373,825.00
06/01/27	1,310,000.00	373,825.00	1,683,825.00
12/01/27	0.00	341,075.00	341,075.00
06/01/28	1,375,000.00	341,075.00	1,716,075.00
12/01/28	0.00	306,700.00	306,700.00
06/01/29	1,445,000.00	306,700.00	1,751,700.00
12/01/29	0.00	270,575.00	270,575.00
06/01/30	1,515,000.00	270,575.00	1,785,575.00
12/01/30	0.00	232,700.00	232,700.00
06/01/31	1,590,000.00	232,700.00	1,822,700.00
12/01/31	0.00	192,950.00	192,950.00
06/01/32	1,670,000.00	192,950.00	1,862,950.00
12/01/32	0.00	167,900.00	167,900.00
06/01/33	1,720,000.00	167,900.00	1,887,900.00
12/01/33	0.00	150,700.00	150,700.00
06/01/34	1,006,500.00	150,700.00	1,157,200.00
Total	\$12,881,500.00	\$4,528,755.00	\$17,410,255.00